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# The AAA PLAN for BRIGHT TOBACCO

## WHY THE PROGRAM FOR TOBACCO?

So that tobacco growers can cooperate  
to keep price and income from  
tobacco at fair levels



## HOW FARMERS MAKE PROGRAM WORK

1. Adjust acreage so as to keep tobacco production in line with demand.
2. Protect their program and income by the use of marketing quotas.
3. Use soil-building practices to improve their farms.

Commodity Information Series  
U. S. DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration

# How Program Can Help

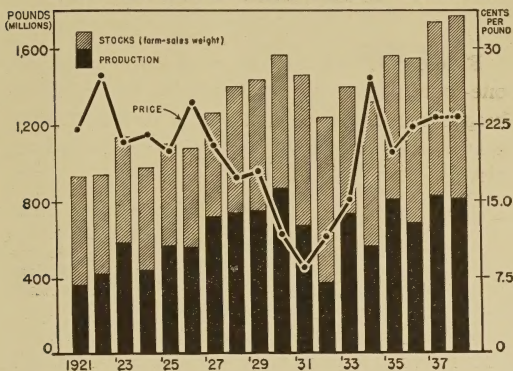
The Agricultural Adjustment Act of 1938 gives flue-cured tobacco growers an opportunity to work together in leveling ups and downs in supplies and prices of bright tobacco.

Flue-cured tobacco growers can market about as much tobacco—and at a higher price level—over a period of years with the AAA Program in effect as they could without the Program. Without the Program, years of heavy production would be followed by years of small crops because growing tobacco would not be profitable to the average producer.

With a program, marketing can be stabilized in line with demand, thus maintaining favorable income from tobacco.



## TOTAL PRODUCTION, STOCKS, AND PRICES OF UNITED STATES FLUE-CURED TOBACCO



## The Need For A Program

Flue-cured tobacco growers in this country are in a position to produce more than one billion pounds of bright tobacco a year.

Consumption of this tobacco is around 725 million pounds annually.

Excessive supplies bring low prices and small incomes to growers.

Flue-cured stocks July 1, 1938, were about 950 million pounds, or around 70 million pounds larger than a year earlier. Stocks next July are expected to show a further increase.

Continued production above consumption would mean lower prices than in the past 5 years and destroy gains in farm income that have been made.

Adjust Acreage.

Help Farmers.

# Adjusting Acreage

Flue-cured producers can adjust acreage by planting within their flue-cured acreage allotments.

Farm acreage allotments are determined on the basis of past acreage and cropping practices together with the land, labor, and equipment on the farm.

Producers who plant within their allotments are eligible to receive payment for cooperating.

The farmer decides whether or not he wants to stay within his acreage allotment.

Soil conservation is encouraged on land diverted from flue-cured tobacco.

Full benefit payments are possible only if cooperating farmers plant within acreage allotments and follow soil-building practices necessary to reach soil-building goal.







# Protection Under Marketing Quotas

The Farm Act provides marketing quotas to protect farmers from burdensome surpluses which make prices slump.

Marketing quotas are in effect only when the supply is more than 5 percent above the normal supply. Operation of quotas is subject to approval of two-thirds of the producers who vote in a referendum.

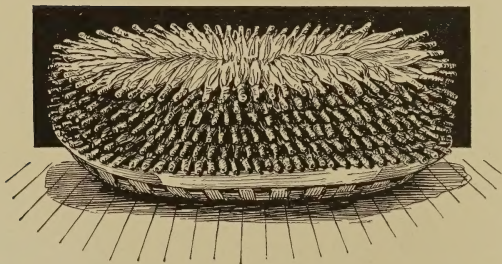
When in effect, quotas apply to every producer in the "bright belt."

The penalty for marketing more than the individual farm quota would be 3 cents per pound or 50 percent of the sale price, whichever is higher.

The AAA Program aims to prevent the need for quotas in most years through acreage adjustment, but when plantings and yields push supply up over the marketing quota level, farmers would fare better with marketing quotas in effect than they would with uncontrolled marketings.

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Keep price and income at fair levels.



## Current Facts

Flue-cured tobacco farmers have received one-fourth more money from the five crops of bright tobacco produced under Triple-A Programs than in any other 5-year period in history.

<i>5-year period</i>	<i>Annual Income</i>
1919-1923.....	131 million dollars
1924-1928.....	125 million dollars
1929-1933.....	90 million dollars
1934-1938.....	167 million dollars

Although the consumption of flue-cured tobacco has been upward in recent years, all available data indicate that income would have been much lower in the last 5 years if AAA Programs had not been in effect or in prospect.

Preliminary estimates of flue-cured prices indicated that the 1938 season average would be around 22½ cents per pound. Prices would have been much lower if marketing quota provisions of the Act had not been in effect this year.

Income from the 1938 crop is estimated at around 175 million dollars, the third highest return on record.

Although this year's crop was less than the 1937 crop, the present total supply exceeds the reserve supply level.

A crop in 1939 which would increase the carryover by any substantial quantity is almost certain to result in lower prices.

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Balance production and marketing  
with demand.

